



**UCDC BOARD  
MEMBERS**

**Anthony Campagiorni**

**Kenneth Crannell**

**James J. Hanson**

**Peter Loughran**

**James Maloney**

**Robert Sudlow**

**Ward Todd**

**ULSTER COUNTY DEVELOPMENT CORPORATION**

**BOARD OF DIRECTORS**

**MINUTES**

**July 8, 2013**

A meeting of the Ulster County Development Corporation Board of Directors was held at 4:15 p.m., on Monday, July 8, 2013, Karen Binder Library, 6<sup>th</sup> Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following members of the Board of Directors were present:

Anthony Campagiorni  
Kenneth Crannell  
James J. Hanson  
Peter Loughran  
James Maloney  
Robert Sudlow

The following members were absent:

Ward Todd

Additional Attendees:

Linda Clark	Office of Business Services
Dennis Doyle	Ulster County Planning
Stephen Finkle	S. Finkle Associates
March Gallagher	Office of Business Services
Suzanne Holt	Office of Business Services
Clinton Johnson	Ulster County Attorney's Office
Robert Ryan	Harris Beach – via telephone
Kevin Walters	Mid-Hudson News

The meeting was called to order by Anthony Campagiorni at 4:15 p.m.

### **ELECTION OF OFFICERS**

Chair Campagiorni asked if all members were briefed on the changes to the Bylaws. Chair Campagiorni asked Robert Ryan of Harris Beach to "talk the members through" the new Bylaws as they pertain to members/officers.

Mr. Ryan stated that the Board of Directors was comprised of seven members appointed by the sole member. Now that the seven members are present, the first order of business is to elect the officers, which are the Chair, Vice Chair, Treasurer and Secretary.

Chair Campagiorni asked if we just accept nominations from the board right now.

Mr. Ryan responded yes. You need nominations for each position and an affirmative vote by members.

Chair Campagiorni asked if a slate of officers can be nominated and handled in that way.

Mr. Ryan responded yes.

**Motion:** James Hanson, seconded by James Maloney, moved to nominate Anthony Campagiorni as Chair.

**Motion:** Anthony Campagiorni, seconded by Robert Sudlow, moved to nominate James Maloney as Vice Chair.

**Motion:** James Maloney, seconded by James Hanson, moved to nominate Ward Todd as Secretary.

**Motion:** Kenneth Crannell, seconded by Anthony Campagiorni, moved to nominate James Hanson as Treasurer.

**Vote:** The motions for the slate of officers of the Board of Directors of Ulster County Development Corporation were approved unanimously by all board members present.

### **OFFICERS OF THE BOARD OF DIRECTORS OF ULSTER COUNTY DEVELOPMENT CORPORATION**

Anthony Campagiorni, Chair  
James Maloney, Vice Chair  
Ward Todd, Secretary  
James Hanson, Treasurer

### **ACKNOWLEDGEMENT OF FIDUCIARY DUTIES AND RESPONSIBILITIES**

Chair Campagiorni stated that the ABO (Authorities Budget Office) Guidance of Acknowledgement of Fiduciary Duties and Responsibilities must be signed today and returned to Linda Clark.

### **MINUTES**

**Motion:** James Hanson, seconded by Robert Sudlow, moved to approve the Minutes of the June 11, 2013 meeting. A copy of said Minutes is on file.

**Vote:** The motion was adopted unanimously.

### **FINANCIALS**

It was noted that the financials that were sent from the accountants were the statements for the period ending May 30, 2013. In addition, said financials were received at 3:30 p.m. and staff has not had an opportunity to review them.

**Motion:** Anthony Campagiorni, seconded by James Hanson, moved to table the review/approval of the financials until the next meeting of the Board of Directors.

**Vote:** The motion was adopted unanimously.

### **APPROVAL OF CHARTERS**

March Gallagher stated that at the recommendation of Harris Beach, although the Development Corporation already had these charters.....

Peter Loughran asked at this time if he was a member of the Board of Directors because he was not aware of that.

Ms. Gallagher responded to Mr. Loughran that he was a member by title. The Bylaws call for the ranking minority member from the Economic Development Committee of the Legislature.

Mr. Loughran thanked Ms. Gallagher for the clarification.

Continuing, Ms. Gallagher stated that Harris Beach reviewed the Committee Charters and made some recommendations to bring UCDC better into accord with the Public Authorities Accountability Act. The changes and recommendations are included in the board packages.

Chair Campagiorni asked Mr. Ryan to summarize the changes.

Mr. Ryan responded that he went through and basically it was just a clean-up for compliance with the open meetings law. He thought that there were some things in there about participating via teleconference. He made sure that it said in person or via video conference. He cleaned the charters up as far as language. There were no substantive changes.

Chair Campagiorni asked so with reference to meeting Agendas you cleaned-up from 5 business days to 7 that is just consistent with the public authority's law.

Mr. Ryan replied he made it consistent with each other, so that the committees and board will have the same notice provision.

Ms. Gallagher asked if the Board itself makes the appointments.

Chair Campagiorni asked if it was necessary to appoint these committees today.

Mr. Ryan responded that you can, but you don't have to. Pursuant to the Bylaws, it allows the Chairman to appoint the members of each committee.

Chair Campagiorni stated that he wasn't ready to do that today.

Mr. Finkle stated that as you get ready to do the PARIS filing, you are going to have to have a meeting of the Audit Committee, they are going to have to make a recommendation to the Board and the Board will have to approve it and it may be less than one month from now depending on how quick you want to get the PARIS report done.

Chair Campagiorni asked when are we "shooting" to get the PARIS Report filed?

Mr. Finkle replied within the next two weeks.

Chair Campagiorni stated that everything will be ready within the next two weeks.

Mr. Finkle stated we are going to need an Audit Committee meeting probably in two weeks.

Chair Campagiorni stated that we will get an Audit Committee appointed and we need them to meet prior to the board meeting.

Mr. Ryan stated that each committee should be made up of three independent members of the Board and also the Audit and Finance committees could have overlapping members.

Chair Campagiorni asked if it was Mr. Ryan's advice to appoint the Audit Committee today. It was possible that we could take the Audit Committee members that were existing.

Mr. Ryan responded yes.

Mr. Finkle stated that the Audit Committee as it exists has no member of the Board of Directors.

Ms. Gallagher asked if we had a problem with independent members; are county employees and county legislators considered independent members.

Mr. Ryan responded if they are ex-officio, they are independent. If you are not serving in an ex-officio capacity you are not considered independent unless there is no change of financial contribution of more than \$15,000. Here he would say it would be best if there were only ex-officio members. If you have less than three independent members you can have less as long as independent members make up a majority of the committee.

Ms. Gallagher stated to be clear there are two completely independent members, two ex-officio members and three members who are employees of the county. We do technically have four independent members.

Chair Campagiorni asked how many people are there from the prior Audit Committee – three or four? We need to officially reach out to them. He asked if he could just appoint members.

Ms. Gallagher recited from the Bylaws that the Audit Committee should consist of at least three independent members of the Board of Directors.

Chair Campagiorni stated so we pick three of our independent board members and add them to the former committee and then we would have six members. Continuing, he appointed the two ex-officio members of the Board of Directors and the two independent board members from this board.

Chair Campagiorni clarified by appointing James Maloney, Peter Loughran, and himself, plus the three existing members of the Audit Committee. Mr. Maloney will be chairing the committee.

Mr. Finkle stated so the Audit Committee will get the Audit draft and review it and make the recommendation and once that is done and the few other items from PARIS, probably by the first week in August PARIS will be done.

Chair Campagiorni stated so we have appointed our Audit Committee. So the Finance and Governance Committees have the same requirements, correct?

Clinton Johnson asked where the requirements were listed.

Chair Campagiorni responded that they were listed in the Composition of Committee and Selection of Members, Page 2 of the Audit Committee Charter.

Mr. Finkle asked Mr. Ryan if he had a recommendation about the Audit and Finance Committee.

Mr. Ryan responded that the members of the Audit Committee and Finance Committee can overlap if that is what you prefer.

Mr. Finkle stated that he had thought Mr. Ryan had suggested that it be made the Audit and Finance Committee.

Mr. Ryan responded yes, but it is not drafted that way in the Bylaws; however you could have it populated with the same members and then have them back to back.

Ms. Gallagher asked if typically wouldn't you want the Treasurer on the Finance Committee?

Mr. Ryan responded yes.

Ms. Gallagher stated that the Treasurer is not an independent member and is not on the Audit Committee right now, so unless you are going to add him making them synonymous.

Mr. Hanson asked if a non-independent member was precluded from serving.

Chair Campagiorni responded no; we should add the Treasurer to the Audit Committee as well.

Chair Campagiorni stated that as far as the Finance Committee goes, Lindley Churchill is serving as our accountant. He asked if there was an RFP out.

Ms. Gallagher responded no – we pulled that back.

Mr. Finkle stated that he had sat with Mr. Churchill and discussed his work; he will write that up for the Chair.

Chair Campagiorni asked if it made sense to appoint everyone right now; is it necessary. Did he have to appoint Finance and Governance as well?

Mr. Ryan responded you don't have to, but if the PARIS filing is going to be done before the next meeting, they do ask questions as to whether or not you have a Finance and Governance Committee and you have

to check yes and/or no. It would be best to appoint them now so you can check that we have those committees.

Chair Campagiorni indicated that the Finance Committee and the Governance Committee will be all the members of the Board of Directors. The appointments will be as follows:

**AUDIT COMMITTEE**

**(Revised later in the Meeting – See Miscellaneous)**

James Hanson  
James Maloney  
Peter Loughran  
Anthony Campagiorni  
Ed Wolf  
Patrick Paul  
Pam Welles

**GOVERNANCE COMMITTEE**

Anthony Campagiorni  
Kenneth Crannell  
James Hanson  
Peter Loughran  
James Maloney  
Robert Sudlow  
Ward Todd

**FINANCE COMMITTEE**

Anthony Campagiorni  
Kenneth Crannell  
James Hanson  
Peter Loughran  
James Maloney  
Robert Sudlow  
Ward Todd

Chair Campagiorni stated that we have appointed all three charters and committees. We now need approval of the charters.

**Motion:** James Maloney, seconded by Kenneth Crannell, moved to approve the Audit, Finance and Governance charters.

**Vote:** The motion was adopted.

**PROPERTY DISPOSITION POLICY**

Mr. Ryan stated that the Property Disposition Policy is basically what is required in statute. It is in the public authorities' law; so there is no discretion in that policy; it comes right out of the statute. In general it says that you have to dispose of property for at least fair market value after publically advertising for bids

and then there are exceptions to that. There are exceptions if you need to negotiate the sale of a property to a developer, etc.

**Motion:** Robert Sudlow, seconded by Peter Loughran, moved to approve the Property Disposition Policy as presented.

**Vote:** The motion was adopted.

### **PARIS APPROVALS**

#### **Investment Report.**

Mr. Finkle stated that there were no investments in 2012 and he believed that the PARIS Report was a couple of sentences stating that fact.

#### **Mission & Goals Measurement Report**

Mr. Finkle stated that the Mission and Goals Measurement Report was really prepared by Melinda Beuf. It talks about retaining 235 jobs during 2012; laying the ground work for creating new jobs in 2012; two shovel ready sites were prepared or moving towards preparation. That is basically it. There still is support for the key industries clusters that were identified in the processes of the past and adopted by the board. Increased visibility and support for Ulster County economic development, with the new board and the new energy, there should be some new plan to promote UCDC and the activities; give it some fresh publicity. Then it goes on to talk about the transition during 2012 since the CEO and CFO left. Basically, the last few questions on page 3 talk about the appointment of management; the board members understanding the mission statement of the corporation. Does everyone know what the Mission Statement is?

Chair Campagiorni stated that the Mission Statement is the first paragraph of the documents.

Ms. Gallagher stated that the jobs numbers, these are actually documented through submissions of the Development Corporation for payment from the county contract. There are actually pretty large documents with substantiating information.

Chair Campagiorni asked if they will be attached.

Mr. Finkle responded no, but they can be available.

Chair Campagiorni recommended that the members of the Board of Directors receive a copy of the submission to the Ulster County Legislature.

Mr. Finkle stated that as an outsider looking in at 2012, it was a real rough year for transition. It was a major change in the operations.

Mr. Maloney asked on page 3 of the balance sheet for May 31, 2013, there is a \$127,615 receivable. Is that the same payment numbers you are speaking of?

Ms. Gallagher replied that that is the incentive portion of the 2012 contract; the base has been paid. She has contacted Frank Reggero of the Legislative's offices to figure out what has happened to it.

#### **Management Discussion and Analysis**

Mr. Finkle stated that the MD&A is taking the 2011 document, using Melinda Beuf's numbers to update it and coordinating with Lindley Churchill to make sure that the numbers all work. Additionally, he has been

working with Roberta Jordans of Harris Beach who is working on the PARIS submission and one of the things that the board can do to avoid adding an extra document to PARIS is to insert this statement and those numbers into the MD&A. In that way, it will allow her to make an affirmative declaration about the organization's deposits, instead of having a separate financial document. That is her recommendation for it.

Chair Campagiorni responded that he wasn't clear; this will replace what kind of document?

Mr. Finkle responded that it supplements the document for PARIS purposes. Sarah Robinson, Teal, Becker and Chiaramonte, did a draft audit. This comes out of her note #2 in the draft audit and it talks about the organization's deposits including cash and cash equivalents and it goes to the question of the organization's investments during 2012 in terms of does the organization have a Certificate of Deposit for example or some other type of investment that was made in 2012 and the answer is no. If we add this to the MD&A we don't have to create a separate document. Ms. Jordans' recommendation was, instead of that, take Sarah Robinson's recommendation from Note 2, simply insert it, and that will allow her to make an affirmative statement in the PARIS report as to the fact that there is no investment of a financial nature at UCDC. That was her recommendation. He understood where she was coming from and it makes sense.

The question was asked if this document was going to be an attachment to the MD&A.

Mr. Finkle responded that he was going to try to find a place in the MD&A to include it. We will need a vote on including this document into the MD&A, and that will probably be in the financial highlight section.

Chair Campagiorni asked how does this jive with the 2012 numbers that we have here.

Mr. Finkle responded that what it basically says, it is the 2012 numbers and it says that cash and cash equivalents are not a CD or another instrument.

Ms. Gallagher asked Mr. Finkle is there was a reason why the cash and cash equivalent total text does not match the total in the numbers.

Mr. Finkle responded that he would have to check on that.

Chair Campagiorni asked if Lindley Churchill put these numbers together?

Mr. Finkle responded no, Teal Becker & Chiaramonte; this is the audit.

Chair Campagiorni asked to have Teal Becker & Chiaramonte explain it to the Board of Directors.

Guest Dennis Doyle asked if you are going to approve the PARIS approval later on, he thought that this was a direction for Mr. Finkle, because he didn't think that you have to approve the insert now. Eventually, you are going to have to approve PARIS.

Mr. Finkle responded that frankly he had just received this information about an hour ago.

An additional question was asked of Mr. Finkle, to check with Ms. Jordans if there was a question in PARIS that this document has to be on the website.

Mr. Finkle stated that it is part of the PARIS Report. The MD&A has to be on the website.



Chair Campagiorni stated that we probably don't need to do anything; we want to see a full package before anything is approved for PARIS.

Mr. Finkle stated that you will have a separate section explaining it.

#### Internal Controls Assessment

Ms. Gallagher stated that Mr. Finkle, Ms. Beuf and herself drafted this together. We took the 2011 document and altered it pretty substantially, because there are certain areas that we decided were either moderate to high for example, administration of RLFs, was not a documented exposure risk category. It was just listed as administration; it was segregated out and it was given a moderate to high risk. In addition, we added in corrective actions, changes in personnel as one of the corrective actions that were taken by the board in 2012. She did not know why the numbering was wrong.

Mr. Finkle continued by stating that all three of us sat down, March put a lot of good suggestions into it.

Ms. Gallagher stated that the loss of funding is identified as a risk now; so there are some additions to it. The model for this was the 2011 document as submitted by UCDC. So the basic categories ....

Mr. Finkle stated that there were some missing policy areas, or areas where there were risks and Ms. Gallagher primarily identified them.

Ms. Gallagher stated that there is no pride of ownership here. If this board would like to re-do this, it may be a good idea. This was just getting something for you to review for PARIS.

Mr. Finkle added that this is also going to have to be loaded for PARIS when it is ready.

Mr. Hanson stated that not being on the board in 2012 he did not think that he had the knowledge of the operation to comment on what was going on here at that particular time. Having worked with the Authorities Budget Office and having done PARIS filings, he did not know if we wanted to have a moderate to high risk in the administration of the RLFs, IDA, etc. He thought that was pretty severe, he didn't know if that is what you wanted to put, unless that was the case. That would be up to the folks that were on the board at the time to make that decision.

Ms. Gallagher asked Mr. Ryan if he had any thoughts, recommendations as to whether or not this Internal Controls Assessment could hurt the Agency's standing with respect to the ABO.

Mr. Ryan responded that he would like to see it; it is really identifying the area where there could be a risk and then saying what you are doing to address that risk. So pointing out those areas for high risk isn't a bad thing as long as you are addressing what you are doing to mitigate those risks.

Mr. Finkle replied that RLFs are a moderate risk. There is no doubt about it. You are loaning money to small businesses that don't have ....

Chair Campagiorni asked if it is a risk because it is inherently a risk as a revolving loan fund or is it an internal controls assessment risk. Do we not have the controls and procedures in place that make it a high to moderate risk or is it just inherent that loaning out money is risky? That is what he is trying to figure out now. If this is an internal controls assessment ...

Ms. Gallagher replied that non-repayment of loans is identified separately and she thought that that was a risk, but she thought that there was risk of inappropriate activity internally because you are handling a number of cash accounts.

Chair Campagiorni asked if they assigned the risk category subjectively because you don't believe that we have internal controls and procedures in place or just because .... He was just trying to get a sense as to how you said something was moderate to high and why and what was inherent here. Is it an internal control problem?

Mr. Finkle responded that he thought that it was a moderate risk. In administering RLFs there is a moderate risk because you are dealing with large amounts of cash. You have moderate controls in place and that's a good thing to say that there is a moderate risk and we have a system to keep track of it. That is really what the core PARIS is he thought.

Mr. Ryan stated that an internal control assessment does just that. Depending on what kind of operations you are in, you go through your operations and identify the areas that have moderate to high areas of risk and then you say what you are going to do to drop that risk. He didn't think it was a bad thing; as a matter of fact, he thought that it would be a red flag if you went through and said nothing you do is moderate to high risk.

Ms. Gallagher responded that what she was thinking when she went through this is that we have had a tremendously difficult time getting the outside CPA to provide information, to make timely deposits and when we have checks coming in on loan funds that are not being cashed, she considered that a risk. That is why she encouraged the group to say moderate to high. She did not see that going forward, in 2013 when you look back she didn't think you would say that; you might say moderate or low to moderate. Going through this transition it was moderate.

Mr. Finkle replied that we are going to have a system in place to modify the risk and in his experience in starting and administering lots of revolving loan funds there is a risk unless you are diligent, you are going to have a problem. Whether it is a high risk he did not know.

Chair Campagiorni stated that like Mr. Finke said, as long as we have procedures in place in 2013 making sure that this board is comfortable with what we have put in place as to the internal controls that is key.

Ms. Gallagher stated again, these are the controls that you had in place in 2012.

Mr. Finkle stated that you are going to build off of what you had in 2012.

Mr. Hanson stated and to continue to develop your internal controls to make sure any risks are mitigated.

Mr. Finkle stated and that is what the Finance and Audit Committees will probably look to make sure that the systems are in place to modify the risk as much as possible.

Chair Campagironi stated that we are not going to do anything other than preparing for PARIS approval which we are going to file. We are going to get together and look over it once again before we get it out.

Ms. Gallagher asked for clarification. You are not approving any of the documents. She wanted it to be known that they will be loaded onto the website and made public prior to the submission of PARIS because Ms. Jordans' has to answer the question that it is on the website.

Mr. Hanson stated that that doesn't have to be done until the day before you file.

Chair Campagironi asked Mr. Ryan for clarification on timing as to when we have to approve what we have just gone over and in terms of when PARIS is actually going to be filed and when it must be on the website.

Mr. Ryan responded that the requirement is that the filing takes place prior to March 31<sup>st</sup>; unless there is a direction from the ABO that gave you a certain extension that expired and you are just filing late.

Mr. Finkle stated that what he thought Chair Campagiorni was asking is that they have to be placed on the website in order for Ms. Jordans to be able to answer the question positively that it is on the website. Does it have to be put up as a final document that was voted on by the board or can it put up as a draft document?

Mr. Ryan responded that it depends what it is. For example the Missions and Goals Measurement Report, that is mandated that it be reviewed and approved annually by the board and PARIS asks if it has been reviewed and approved by the Board and to be in compliance with PARIS you have to check yes. The Investment Report, he was not sure. The Management Discussion and Analysis is usually part of the Audit, the independent financial Audit which has to be approved by the Board and uploaded to PARIS. He asked if the Board had received their independent financial audit for 2012?

Mr. Finkle responded in draft.

Mr. Ryan continued that you will have to convene an Audit Committee meeting and review the final version of it and recommend the adoption of the final to the Board to be loaded up on PARIS.

Ms. Gallagher responded that typically the Audit contains a draft of version of PARIS. Right now when Ms. Jordans from your office goes to create that draft version for PARIS she cannot say that the Mission and Goals Report or the Internal Controls Assessment for 2012 are available on the internet. She cannot say that because they are not. The draft report of PARIS that she gives to the auditor will not say that.

Chair Campagironi asked what is the consequence of not saying yes

Mr. Finkle stated that he thought that what you could do is time it close enough that you will be able to get a committee vote, put it up, even if it needs to be changed a few days after it is first put up.

Mr. Hanson stated that you can have a draft report printed out and if there is a concern about selecting yes before it is actually up on the website, even though it is still in draft form. If understood correctly, the board is going to vote on all these items. We are not going to do that tonight because they still have to go to committee. So we are going to meet again. Audit Committee/Finance Committee are going to review them, it is going to come out of committee and then the full board is going to consider these documents again, once we have had the opportunity to fully review them. At that time, we can approve them and basically say this is accurate to what we understand and once it is approved there is still a day before it is actually submitted. At that point before she submits you can post to the website. He did not think there was an aging requirement on the website for the purpose of the report. It just has to be up before you submit.

Mr. Johnson stated that Mr. Hanson was correct.

The question was asked if the MD&A was part of the Audit.

Mr. Finkle responded yes.

Chair Campagiorni stated that until the Audit Committee meets and gets all the documents and gets back together to review it he didn't believe that the board had to approve any of this tonight. We saw it, got a first look at it and if you have any more comments and questions please get back to Mr. Finkle.

Ms. Gallagher stated that of all these reports the only one Teal Becker will address, the MD&A comes from you directly – that is usually the Board of Director's or CEO's report; the other reports she will not address in her audit. That is stuff that this organization is responsible for PARIS. She will come and discuss the audit, but not these PARIS approval documents.

Mr. Hanson stated that when they were doing the PARIS reporting for the Golden Hill LDC basically they had the full report drafted in PARIS and it was saved. He printed the report from there and it was reviewed in that form.

#### **AUDITOR'S RECOMMENDATION REGARDING UCRLF RESERVE**

Mr. Finkle reported that one of the comments received back from Teal Becker and Chiaramonte was that the two percent loan reserve that they have is not sufficient or may not be sufficient. They wanted the board to address that question. Mr. Finkle checked around and found out that normally a reserve for this type of loan fund is five to seven percent. In discussion, we had talked about putting the two percent in 2013 and two percent in 2014 and that would be a total of six percent by 2015. If you voted affirmatively and made a statement to that affect, that covers that question.

Chair Campagiorni asked so we need a motion/recommendation to increase the reserve on the revolving loan from two percent to six percent, to be two percent in 2013 and two percent in 2014.

Mr. Hanson asked what the reasoning was for this. Why does this need to occur.

Mr. Finkle responded that best practices would allow for a larger reserve than two percent. It doesn't have to be six percent, it could be five percent, and it could be four percent. Typically, it is five to seven, industry standards for revolving loan funds. You only have one loan that is not performing.

Ms. Gallagher replied no – according to the financials, the accountant has added two more.

Mr. Finkle continued that you can always amend that if you find that performance is not an issue, but he thought that the auditor would recommend increasing it above two percent.

Mr. Hanson asked if it protects the organization; protects the fund.

Mr. Finkle responded yes, it allows leeway for bad loans. You can go through 2013, change it to four percent, and review it at the end of 2013, beginning of 2014, if you decide to change it ...

Mr. Hanson asked where the reserve is generated from?

Mr. Finkle replied Revolving Loan Fund re-payments.

Mr. Hanson stated so that gets "tacked-on" to those folks.

Mr. Finkle responded that it doesn't get "tacked-on"; it gets set aside in the fund balance.

Mr. Gallagher stated so that there is a certain amount of each fund that you would not loan out.

Chair Campagiorni asked if we needed to act upon this today? If so, the motion would be to increase that from two percent to four, beginning in 2013.

Mr. Crannell asked why we were doing it over two years, rather than immediately.

Mr. Finkle responded because that way it won't be a hit. You want to also have the funds to loan out to businesses, so you want to bring it in slowly. You can go right to six percent. He thought that making the statement to the Controller's Office that two percent was judged not to be sufficient, that the board is increasing it at a rate of two percent per year for the next two years and it will value that increase as performance is evaluated.

Ms. Gallagher stated if you look at the financial report, the loan status sheet, you will see that there is a reserve fund on the CDBG; typically an amount would not be loaned out. If you look at the cash balances it is the second numerical column after the names of the loans. If you look at the CDBG, there are \$222,000 in loans and \$11,000 being held in reserve. There should be a reserve. With reference to Mr. Crannell's question about why we are doing this over two years, we are getting payments back on these loans that will essentially create the reserves. Rather than lend out everything that we've got, we will be holding some back.

Mr. Finkle stated if your performance analysis over the next couple of years shows that your loans are all performing, you can adjust that and make a little more cash available. It also depends on the demand on the loan funds from small businesses. He had spoke with a consultant, someone that deals with these every day across the country and he said that five to seven is the norm, so we picked six.

Ms. Gallagher stated that the USDA is a new loan fund that the Development Corporation began administering on their own account; these are not funds that came through Ulster County and it was secured last year. You can see it on page 2. There is a "set aside" for, there is a reserve amount, and a part of the Telecommunications Loan Fund above was specifically to anchor and to reserve on the USDA loan.

Mr. Crannell stated that you have multiple sources of funds, which are likely to have different kinds of reserves ... some have penalties to the organization, some do not.

Chair Campagiorni stated that when we are talking about this requirement, it is just for the Ulster County Revolving Loan Fund?

Mr. Finkle stated that he was not aware that there might have been a difference in the USDA funds. He recommended at this point, that we come back to the Board and say here are each of the fund requirements.

Chair Campagiorni agreed. He thought that we should come back to the board with each of the fund requirements and we will look at that.

Ms. Gallagher responded that she did not know if they had this documentation. She wanted to be clear about that. Just finding how these monies came to Ulster County has been very difficult. We've scoured everything that can be found on these loan funds. She did not want to promise the Board that OBS or Planning is going to give you reserve amounts on these. We can certainly initiate inquiries to the Agencies that made these grants to the County and that we allocated to UCDC, but it may not be that simple.

Mr. Finkle stated that if that be the case, how about the Board adopting a policy and saying that the policy will be to increase from two to six over two years, pending individual loan fund requirements.

Mr. Hanson suggested that we just wait.

Ms. Gallagher responded that she will distribute what she understands right now in terms of an accumulation of information on the loan funds so that the Board has more complete information.

No action was taken by the members of the Board of Directors on this matter.

#### **CONTRACT FOR SERVICES BETWEEN OBS AND UCDC**

Ms. Gallagher stated that at this time there is no contract. There is a copy of the UCIDA/OBS contract included in the member's materials. It is thought that there should be a contract for services even though Ulster County is the sole member now of UCDC. There should be a contract for services where Ulster County Development Corporation pays Ulster County to administer its activities. What she did not know, what this Board or Ulster County wishes that contract to include. For the UCIDA it does include financial management and right now UCDC has an outside financial CPA. This needs to be reviewed by someone and determined what sections the county wishes to offer to the Development Corporation and vice versa.

Chair Campagiorni asked if anyone would know if the County would wish to offer financial services?

Mr. Hanson responded that one of the ideas that have been discussed, with the Golden Hill LDC and the County; we had an arrangement between the LDC and the County where the LDC can utilize pretty much any service of the county. It was via contractual arrangement and Harris Beach could probably tell us, not the individual on the phone, but I am sure through some research they can figure out the mechanism or maybe Clint Johnson can elaborate on it. It worked in such a way, if he as the County Budget Director had to do work on behalf of the Golden Hill LDC as County Budget Director he was allowed then to do so. This protected us as well as our Purchasing Department or OBS or the Finance Department, and then you don't actually have to spell out the specific scope of services to the letter of the law. It is just an Agreement to allow them then to as we continue to change and evolve as a Board and we figure out as a Board which direction we are going in the future, it gives us more flexibility in the future to operate. Right now he did not think that anyone was in a position to say what we are going to be doing tomorrow in terms of our financial services, are we staying with our current vendor or are we putting out an RFP or are we going to try to send it into the county ... unknown. At least it allows us to have that flexibility. It was his suggestion that we try to enter into some type of agreement, similar to that.

Mr. Johnson stated that that would be the best route to go as we did with the LDC. They are short and very broad.

Chair Campagiorni stated that that seems to give us maximum flexibility; it gives the most protection to county employees, gives this Board the maximum flexibility and services that you could provide and he thought that it was probably the way to go right now until we have more clarity on what is the direction and goals we are trying to do. So will the County take a shot at drafting that for viewing at our next board meeting?

Mr. Johnson responded that he would be happy to.

#### **MEETING SCHEDULE**

Mr. Maloney asked Mr. Finkle what his PARIS date filing was.

Mr. Finkle responded within the next couple of weeks.

The Audit Committee meeting was scheduled on Thursday, July 11, 2012 at 4:00 p.m. (Please Note: This meeting was cancelled. It was not rescheduled).

The next meeting of the Board of Directors is scheduled for 4:00 p.m., Thursday, July 25, 2013. (Please Note: This meeting was cancelled and rescheduled to 4:00 p.m., Wednesday, July 31, 2013).

### **MISCELLANEOUS**

Mr. Johnson asked a question pertaining to outside members; are they board members? When you are talking about members of the Board of Directors ...

Chair Campagiorni stated that he thought that Mr. Ryan said that on the Audit Committee we could have outside people that were not members.

Mr. Johnson stated yes, outside meaning independent directors, not county employees; we are talking about independent members.

Chair Campagiorni responded that we have that; three independent members of the Audit Committee but also were allowed to have people outside the board structure.

Mr. Finkle stated that the last Audit Committee had three people on it who were not on the Board.

Chair Campagiorni stated yes and he is challenging that, saying that we can't.

Mr. Johnson responded in looking at the Bylaws

Chair Campagiorni asked Mr. Ryan if he heard the question on the table. Our past Audit Committee last year had three people who were not on the Board of Directors at all; they were three business people in the community. When we just established the Audit Committee, we did it pursuant to the Audit Committee Charter whereby we have three independent board members.

Mr. Johnson clarified by stating that it says three independent members of the Board of Directors.

Chair Campagiorni stated that we have that. He asked Mr. Ryan if we could also have these three business people who are not on the Board or who have no affiliation with UCDC be on the Audit Committee.

Mr. Ryan responded that board members have to make up the majority of the committee. So if you have three of the directors.....

Chair Campagiorni responded so we don't need them.

Ms. Gallagher replied that they would celebrate. They do not want to be a part of this.

Mr. Johnson continued by stating that the reason is that those "outside members" are not going to be privy necessarily to what else the Board does on a day to day basis. It just doesn't make any sense.

**Motion:** Kenneth Crannell, seconded by Robert Sudlow, moved to appoint the membership of the Audit Committee as follows:

**Vote:** The motion was adopted unanimously

### **REVISED AUDIT COMMITTEE MEMBERSHIP**

James Hanson  
James Maloney  
Peter Loughran  
Anthony Campagiorni

**OLD BUSINESS**

The UCDC Storage Agreement previously discussed by the members of the Board, requires the signature of the Chair.

**NEW BUSINESS**

None.

**ADJOURNMENT**

**Motion:** James Hanson, seconded by Anthony Campagiorni, moved to adjourn the meeting.

**Vote:** The motion was adopted unanimously.

The meeting was adjourned at 5:20 p.m.

Respectfully submitted,

Anthony Campagiorni, Chair